

# EXHIBIT 1307

REDACTED PUBLIC  
VERSION

**2009 Salary Increase & LTI "Talking Points"**

We have put together some 'talking points' for you in an effort to help prepare you for your conversations with your employees about their 2009 increases.

While you'll want to tailor your conversation to best address the employee you are speaking with, having a consistent message throughout the studio will hopefully help the conversations to go well.

Please use the information below to the extent it is helpful, and if you have additional questions or need support with a given individual, please contact Stephanie Sheehy (x4417) or Erica Perkins-Youman (x4539).

- This year, a solid performance salary increase is targeted at [REDACTED]. Since Pixar has many strong performers, this means that a majority of our employees will see increases at this level.
- The budgets this year included a small percentage to be used for promotions or market adjustments.
- The total budget of [REDACTED] for increases this year is far higher than the cost of living increase in the Bay Area for 2008<sup>1</sup>. Due to the economic downturn, other companies, including [REDACTED], are giving smaller increases or no increase at all. Pixar participates annually in the Computer Graphics Industry Survey, as well as the Radford High-Tech Survey to benchmark our compensation against other companies in our industry, and is competitive with other similarly situated companies in the area.

A reminder that base salary is just one component of the total compensation program. Pixar's package also includes:

- **An excellent benefits program.** The cost of Pixar's benefit package [REDACTED] in the last 5 years. In 2003, Pixar paid an annual average of [REDACTED] per employee for the medical, dental, vision, life, long-term disability, commute, and flexible benefits plans. In 2008, Pixar paid an average of [REDACTED] per employee for these plans. Pixar employees currently contribute [REDACTED] of the cost of this entire package. This is [REDACTED] less than the average contribution made by employees in Northern California in 2008<sup>2</sup>.

<sup>1</sup> Bureau of Labor Statistics, December 2008 Consumer Price Index for the San Francisco-Oakland-San Jose area (<http://www.bls.gov/ro9/cpisanf.htm>)

<sup>2</sup> Radford Employee Benefits Survey/7.08

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Deponent Sheehy

Date 3-5-13

Gina V. Carbone, CSR

Medical insurance is the largest component of Pixar's benefit package. Contrary to what most other companies have done, Pixar has not directly passed on the rising costs of this insurance coverage to employees. The minimal cost of the program to our employees and the comprehensive coverage offered continues to make Pixar's medical benefits fall into the top [REDACTED] compared to the programs of other companies our size.

- **A solid track record of film bonuses.** Although these bonuses are not guaranteed, history has shown that our bonuses have paid employees between [REDACTED] of their annual salary upon the successful release of a film.
- **Long-term Incentive.** The long-term incentive (LTI) program we're rolling out this year is a cash-based program and all benefited employees are eligible to participate.

Q & A (ideas on how you might want to respond to questions)

**Q. Thanks, but my increase still seems low. I've been getting modest/cost-of-living increases for the past few years, at this rate it will be X years before I get to a salary I'd like to be at...**

A. Our increases over the past few years reflect the way we're approaching total compensation. Base salary is just one component, along with LTI, bonuses and benefits. While base salary increases may be lower than in previous years, if you also calculate the film bonuses and the LTI program, I believe you will find your total compensation each year is increasing. Our benefits package continues to be among the best available hands down compared within our industry and in Northern California.

**Q. But any bonus is unknown and LTI is new. Why isn't my salary increasing more?**

A. Our total compensation program has a goal of keeping our fixed costs (e.g. salaries) competitive, and we don't want to price ourselves out of the market. Our salaries generally fall in the [REDACTED] as compared to other studios and companies of our size. Then when the company does well, we have the discretion to pay bonuses and scale up our LTI accordingly. This way, we can share in the success of the company without letting our base salaries get too expensive to support during less successful periods.

**Q. Why are we satisfied with targeting our base pay at the [REDACTED], when we routinely say that Pixar hires the best in the industry? Aren't we being hypocritical? Isn't there a premium for**

**the best - shouldn't the best be paid top dollar?**

A. While we target base pay at the [REDACTED], given Pixar's success, bonuses and LTI make your actual earnings well above the [REDACTED]. If you consider your actual earnings (base pay, bonus, and LTI), we are confident that you will find that your total compensation is well above [REDACTED] when our films are successful.

Additionally, we believe Pixar is full of amazing, talented individuals and is a special and unique place to work. Pixar offers many soft benefits to its employees that don't easily translate to a dollar value, but make the experience of working at Pixar rewarding, rich and enjoyable (e.g., Pixar University, granting personal leaves of absence, crew gifts, wrap parties and other celebrations, etc...). The strong sense of community and inclusiveness that Pixar offers to employees contribute to the experience of working here. We believe that there is value in what Pixar offers and how we treat employees and these are things that should and do draw top talent here. We don't want to be the place that people come to because we pay the highest premium.

**Q. How were salary increases determined, especially because I haven't received my performance review in a year?**

**OR**

**Q. I had a great review this year, how was my increase determined?**

A. In production, salary increases were determined through a series of meetings with senior production management who have worked with you. Performance is not the sole factor for determining your increase. A number of things were discussed to determine the increase amount including: your skill level relative to the job and your peers, your performance, proficiency with basic tools, as well as professionalism, interpersonal skills and communication. For departments outside of production, the manager of the respective group determined the increase amount based on similar factors.

**Q. Why isn't pay for performance a bigger factor in determining our increases?**

A. We take performance into account when determining salary increases, but it is only one factor. Restrictions on our salary increase budget prohibit us from making greater differentiations based on performance so we try to recognize performance in other ways (opportunity, selection of assignments, participation in events, etc). We will continue to look into different pay mechanisms and investigate what makes sense for Pixar and our business. It should be noted, however, that there are dangers to linking pay solely with performance. For example, if not planned and executed well, pay-for-performance tends to reward self-interested behavior oftentimes at the expense of the team or the project. Because much of the driving force of what we do at Pixar is built on collaboration

and cooperation, this is not necessarily a direction we would go unless we were confident we could design and manage a program in such a way as to mitigate any risk to this important element of our culture and the way we make films.

**Q. Should we expect to receive comparable salary increases in the coming years?**

A. We continually evaluate our compensation programs and analyze what makes sense for our business. That said, we expect to continue with our philosophy of keeping our fixed costs manageable and competitive, and sharing in success when it occurs.

**Q. How do I find out where my salary falls in the range for my position?**

A. If you are in production, you can ask your designated Sr. Manager (John & Lisa/Suz & Jim/Bill/Laura) to provide you with information on the salary range for your position. They will let you know the minimum and maximum for the position and can let you know where you fall in the range.

If you are in a group other than production, you can ask your manager and they can provide you with the same information relevant to your position..